

16th March 2022

WLGA BUDGET & SUBSCRIPTION FOR 2022-23

Purpose

1. To endorse the decision made by the WLGA Management Sub Committee on the 25th of February to agree the WLGA's 2022-23 Budget proposals and the Medium-Term Financial Plan (MTFP) to 2025-26. This sets a subscription increase of 4% for 2022-23

Background

2. The WLGA's Management Sub-Committee (or Executive Board) is required to set the Association's budget (statement of estimated expenditure) which should be endorsed by the WLGA Council and subscriptions set before the end of the financial year per the WLGA constitution (section 26.2):

The subscriptions of Member Councils for each year commencing 1st April shall be at rates to be determined from time to time by the Council. Subscriptions shall be payable on 1st April in each year.

The WLGA Draft Budget 2022-23 and Medium-Term Financial Plan (MTFP) to 2025-26

3. A summary of the budget and medium-term financial plan is set out in Figure 1 below. The detailed 2022-23 Draft budget is set out in the annex. The figure below demonstrates the impact of a 4% increase in subscriptions. Previously the subscription was pegged to the lowest settlement increase (which would have been 8.4%).
4. **Employee-related Expenditure** – An assumption of a 4% pay award has been added to this base for 2022-23. Subsequent pay awards are assumed at 2% in the MTFP to 2025-26. There is an additional budget line for 2022-23 to provide for additional staff welfare.
5. **Premises Expenditure** – Office accommodation costs have been recalculated for 2022-23 to reflect the Association's move to office accommodation in One Canal Parade. Premises expenditure in 2022-23 has reduced by £163k due to the initial rent-free period in the new accommodation. The 2023-24 to 2025-26 Premises expenditure is increased to include the full rental amount. All costs relating to the dilapidations works on exiting Local Government House have been funded from reserves and the fit-out costs of One Canal Parade.

6. **Member Services Expenditure** – this budget sets out the costs of allowances and regular WLGA political meetings this budget has been increased in 2022-23 to reflect any increases recommended by the Independent Remuneration Panel for 2022-23 and beyond. However, this figure does not include any officer support costs (democratic officer and political assistant posts) which are included within Employee costs.
7. **Supplies and services expenditure** – All contracts are subject to an on-going review to ensure the Association receives value for money across these areas. A review of the translation agreement will commence shortly, and a review of our ICT arrangement will be jointly pursued with Data Cymru by the end of 2022-23.

Figure 1: Summary Draft Budget 2022-23 and Medium-Term Financial Plan (MTFP) to 2025-26

	Draft Budget	MTFP	MTFP	MTFP
	2022-23	2023-24	2024-25	2025-26
Employee costs	£ 2,860,480	£ 2,916,899	£ 2,974,447	£ 3,033,146
Premises costs	163,348	283,962	286,898	289,972
Member Services	71,000	71,000	71,000	71,000
Supplies and Services	98,500	100,400	102,395	104,490
Internal Recharges	-382,000	-382,000	-382,000	-382,000
ICT	116,000	116,000	116,000	116,000
Other Costs	342,000	270,500	263,500	270,500
SLA	6,000	6,000	6,000	6,000
TOTAL EXPENDITURE	3,275,327	3,382,762	3,438,240	3,509,108
INCOME	3,409,035	3,440,825	3,473,569	3,507,295
Budget Surplus / Shortfall (-)	133,708	58,064	35,329	-1,813
Transfer to / from (-) Reserves	133,708	0	0	0
Budget Surplus / Shortfall (-) after adjustments to Reserves	0	58,064	35,329	-1,813

8. **Internal Recharges** - A detailed review of all costs related to employing, managing and hosting people within the organisation, along with organisational overheads has been undertaken in view of the WLGA's new office accommodation. This figure in the budget reflects the contribution from grant-funded teams towards these costs. The aim is to ensure that all income streams bear a fair share of the organisational overheads.

9. **ICT Expenditure** – There is one ICT contract covered by this budget line – the provision of basic ICT systems and support through Cardiff council. The Service Level Agreement with Cardiff is due for review as stated above. In addition to this, the WLGA now has a contract with Cardiff Council to support compliance with the General Data Protection Regulations (GDPR) at a cost of £18,000 each year.
10. **Other Costs** – the Communications/Events budget has been increased by £15,000 in 2022-23 and subsequent years to include provision for a Political Media & Monitoring Service, together with a bi-annual charge for an IPSOS Mori Senedd Survey Report. The £30,000 WLGA contribution to the Safer Communities Project is due to decrease to £15,000 from 2023-24. We will continue to fund Wales Fiscal Analysis with a £20,000 contribution in the future. WLGA website costs have been increased to £15,000 in 2022-23 for the new WLGA website but this cost will reduce to £1,500 in 2023-24 and subsequent years.
11. **Service Level Agreement** – this reflects the current costs of the payroll function provided by Cardiff Council.
12. **Income** – the WLGA Council has previously agreed that WLGA subscriptions would match the overall change in the local government revenue settlement. The table above and the more detailed budget set out in Annex 1, show members the results of a 4% increase in WLGA subscriptions for 2022-23 with a flat cash position assumed for future years in the MTFP.
13. **Surplus and Reserves** - The draft budget shows a surplus 2022-23 which is to be transferred into reserves to replenish the reserves used to fund the dilapidation works undertaken at Local Government House. Subsequent years show more modest surpluses, and we intend to develop a fuller reserves policy with the help of the auditors.

Recommendations

14. **Members are asked to:**
 - 14.1 **Endorse the decision made by the WLGA Management Sub-Committee in February to set the 2022-23 budget, the Medium-Term Financial Plan, and specific recommendations: and,**
 - 14.2 **Support the increase to WLGA subscriptions of 4% next year.**

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Annex 1

	Draft Budget 2022-23	MTFP 2023-24	MTFP 2024-25	MTFP 2025-26
	£	£	£	£
Expenditure				
Salaries including on-costs	2,820,980	2,877,399	2,934,947	2,993,646
Recruitment & Advertising	5,000	5,000	5,000	5,000
Travel & Subsistence	32,500	32,500	32,500	32,500
less Provision for vacancies	-50,000	-50,000	-50,000	-50,000
Staff training	20,000	20,000	20,000	20,000
Early retirements	20,000	20,000	20,000	20,000
Staff Welfare	12,000	12,000	12,000	12,000
Employee related costs	2,860,480	2,916,899	2,974,447	3,033,146
 Premises				
Rent	23,563	141,375	141,375	141,375
Rates	49,875	49,875	49,875	49,875
Service charge	30,472	31,996	33,595	35,275
Lift maintenance	0	0	0	0
Repairs	0	0	0	0
Office cleaning	12,000	12,360	12,731	13,113
Utilities	18,375	19,294	20,258	21,271
Security & fire	0	0	0	0
Furniture & Equipment	5,000	5,000	5,000	5,000
Building maintenance fund	0	0	0	0
WCVA Charge	24,063	24,063	24,063	24,063
Premises related costs	163,348	283,962	286,898	289,972
 Meetings & Events				
Advisers expenses	1,000	1,000	1,000	1,000
Meetings & catering	20,000	20,000	20,000	20,000
Members' expenses	45,000	45,000	45,000	45,000
Committee translation	5,000	5,000	5,000	5,000
Member services	71,000	71,000	71,000	71,000
 Stationery & Office				
IT consumables	5,000	5,000	5,000	5,000
Telephones/mobiles	16,500	16,500	16,500	16,500
Postage	3,000	3,000	3,000	3,000
Printing	3,000	3,000	3,000	3,000
Stationery	3,000	3,000	3,000	3,000
Audit fees	14,000	14,000	14,000	14,000
Insurance	38,000	39,900	41,895	43,990
Books/publications	2,000	2,000	2,000	2,000
Subscriptions	14,000	14,000	14,000	14,000
Supplies & services	98,500	100,400	102,395	104,490
 Digital				
Communications	-42,169	-42,169	-42,169	-42,169
Administration & HR	-138,196	-138,196	-138,196	-138,196
Finance	-86,905	-86,905	-86,905	-86,905
ICT	-69,654	-69,654	-69,654	-69,654
Premises cost	-132,471	-132,471	-132,471	-132,471
WLGA support Digital Team	87,395	87,395	87,395	87,395

Draft Budget 2022-23	Draft Budget 2022-23	MTFP 2023-24	MTFP 2024-25	MTFP 2025-26
	£	£	£	£
ICT outsourcing	98,000	98,000	98,000	98,000
GDPR Compliance	18,000	18,000	18,000	18,000
ICT	116,000	116,000	116,000	116,000
Communication/events	45,000	52,000	45,000	52,000
Research	20,000	20,000	20,000	20,000
Translation	25,000	25,000	25,000	25,000
Payments to Data Cymru	92,000	92,000	92,000	92,000
Wales Fiscal Analysis	20,000	20,000	20,000	20,000
Safer Communities Project	30,000	15,000	15,000	15,000
Other expenditure	65,000	15,000	15,000	15,000
WLGA conference	30,000	30,000	30,000	30,000
WLGA website	15,000	1,500	1,500	1,500
Other costs	342,000	270,500	263,500	270,500
Payroll charges	6,000	6,000	6,000	6,000
Service Level Agreements	6,000	6,000	6,000	6,000
Total expenditure	3,275,327	3,382,762	3,438,240	3,509,108
Subscriptions	2,180,461	2,180,461	2,180,461	2,180,461
WLGA conference	0	0	0	0
Sponsorship	0	0	0	0
Other income	32,000	32,000	32,000	32,000
ADEW support	30,000	30,000	30,000	30,000
Youth Policy officer support	10,000	10,000	10,000	10,000
SWT support	30,000	30,000	30,000	30,000
Top slice retained	1,059,668	1,091,458	1,124,202	1,157,928
Property income	66,906	66,906	66,906	66,906
Total Income	3,409,035	3,440,825	3,473,569	3,507,295
Budget Surplus / Shortfall (-) before adjustments to Reserves	133,708	58,064	35,329	-1,813
Total Transfers To / From (-) Reserves	133,708	0	0	0
Budget Surplus / Shortfall (-) after adjustments to Reserves	0	58,064	35,329	-1,813